

**STATEMENT OF
DANIEL A. GREEN
DEPUTY ASSOCIATE DIRECTOR
CENTER FOR EMPLOYEE AND FAMILY SUPPORT POLICY
STRATEGIC HUMAN RESOURCES POLICY DIVISION
OFFICE OF PERSONNEL MANAGEMENT**

before the

**SUBCOMMITTEE ON THE FEDERAL WORKFORCE
AND AGENCY ORGANIZATION
COMMITTEE ON GOVERNMENT REFORM
U.S. HOUSE OF REPRESENTATIVES**

on

Health Information Technology

June 13, 2006

Mr. Chairman and Members of the Subcommittee, thank you for inviting me here today to discuss H.R. 4859 and OPM's role in promoting the adoption of health information technology (HIT) in the Federal Employees Health Benefits (FEHB) Program.

Background

As the administrator of the one of the country's largest employee health insurance programs, OPM plays a key role in fulfilling President Bush's vision of making health information easily accessible to consumers

through the adoption of advanced technologies. In fact, OPM is a member of two distinguished Federal organizations: the American Health Information Community, a Federally-chartered commission charged with developing recommendations for HHS on how to facilitate the adoption of health information technology and the Interagency Health IT Policy Council, which was established to coordinate federal health information technology policy decisions across Federal Departments and agencies that will drive federal action necessary to realize the President's goals of widespread health IT adoption.

Administering the Federal Employees Health Benefit Program

OPM administers the Federal Employees Health Benefits (FEHB) Program which covers approximately 8 million Federal employees, retirees and their dependents and offers competitive health benefits products for Federal workers, much like large employer purchasers in the private sector, by contracting with private sector health plans. Over the years OPM has consistently encouraged participating health plans to be responsive to consumer interests by emphasizing flexibility and consumer choice as key features of the program. Adoption of health information technology is

another important consumer oriented healthcare improvement that is being pursued by many of our healthcare insurers.

In our efforts to ensure healthcare rates are competitive and consumer choice is maximized, we are encouraging the use of technology for medical record keeping purposes and for many provider-to-consumer processes. For example, in our April 19, 2005 Call Letter, we strongly encouraged carriers to take steps to expand and improve on their health information technology efforts. While there are wide variations in the scope and extent of information technology currently being used by FEHB carriers, most are focusing their efforts on providing claims-based information through their web sites, linking disease management programs to HIT initiatives, and providing e-Prescribing incentives.

Our work with FEHB carriers and the work we are engaged in with the Department of Health and Human Services (HHS) and others has helped us focus our near-term efforts to further the President's initiatives. By that I mean OPM is encouraging FEHB plans to enhance their consumer education efforts to make them more aware of how HIT can help to achieve improvement in healthcare quality and improve efficiency. We are also

encouraging carriers to make personal claims data available to enrollees.

We are encouraging carriers to continue working with their pharmacy benefit managers to provide incentives for ePrescribing, to link their disease management programs to HIT, and to ensure compliance with Federal requirements that protect the privacy of individually identifiable health information.

This year's Call Letter was issued on April 4 and we asked FEHB carriers to develop business plans with action items and milestones for accelerating HIT for the remainder of CY 2006 and for CY 2007. We also plan to expand our web site information to highlight the HIT capabilities of participating plans so that prospective enrollees can view this information in reviewing their health plan choices for 2007.

We are committed to confronting the rising cost of healthcare to help members of the Federal family afford the insurance coverage they need. This commitment is also reflected in our goals to strengthen the patient-physician relationship through cost and quality transparency. We believe greater transparency in healthcare costs and quality can help patients better control their medical expenses. Therefore, we are taking steps in the FEHB

Program to raise the level of transparency that is available to enrollees for both provider cost and health plan quality by the end of this year.

For instance, this year's Call letter asked carriers to make pricing information available to enrollees. Director Linda Springer and senior staff personally met with a number of carriers to urge them to provide specific information on each plan's website to help FEHB consumers make better informed health care choices during this year's open season. We are encouraging them to add more online decision tools with cost estimators related to both diagnoses and drugs, to group costs for common illnesses and conditions by geographic area, and to ensure that they describe the sources, limitations and currency of the data clearly and prominently on their web sites.

Our commitment to transparency aligns with our efforts to promote wider use of health information technology. Each initiative supports the other. Information technology will provide for standardized interoperable medical, pharmaceutical, and laboratory cost and utilization information. Making this information more transparent to consumers will help them to understand the value of personal health information in managing their own health needs and their healthcare expenses. Together, we believe HIT and

transparency can drive better informed and more rational medical care decisions, resulting in improved efficiency and better quality care.

There is much HIT research and development activity underway. Under HHS' leadership, Federal agencies are working to gain industry consensus on a range of important decisions. These include defining the consumer's role in access and control over patient information, addressing variations in State and Federal laws on privacy issues, uniform standards for transfer of patient information from one entity to another, and compatibility of software system technology.

Dr. David Brailer, who is now the Vice-Chair of the American Health Information Community, testified before the House Ways and Means Committee in April. In his testimony, he stated that HHS had awarded a contract to the American National Standards Institute, a non-profit organization that administers and coordinates the U.S. voluntary standardization activities, to convene the Health Information Technology Standards Panel (HITSP). The HITSP brings together U.S. standards development organizations and other stakeholders. The HITSP is developing and implementing a harmonization process for achieving a

widely accepted and useful set of health IT standards that will support interoperability among healthcare software applications, particularly EHRs.

The HITSP standards, the first of which are expected to be delivered in September 2006, will form the basis for implementation of new HIT initiatives. OPM intends to join other Federal health programs in ensuring that these standards are adopted as soon as possible.

Promoting the Use of Health Information Technology

OPM appreciates your interest in this issue, as shown by your introduction of legislation, H.R. 4859, to promote the availability of electronic health records in the FEHB Program. The standards for such records are being developed under the leadership of Health and Human Services and the American Health Information Community. As the President has said, "To protect patients and improve care and reduce cost, we need a system where everyone has their own personal electronic medical records that they control and they can give a doctor when they need to."

While we agree with H.R. 4859 in principle, we do have some

concerns with some of its provisions. We believe that rather than stressing the need for a carrier based “personal health record,” the bill should focus more on the implementation of interoperability standards covering carrier information. Health information – whether it originates from the carrier or the provider – can be most useful to consumers when the information is available in a standardized format.

OPM’s FY 2007 Budget states that “the Administration supports the adoption of health information (IT) as a normal cost of doing business to ensure patients receive high quality care.” The Administration believes that the best way to encourage providers to adopt HIT is to promote the conditions for a thriving free market. One of those conditions is national interoperability standards.

The bill provides for an incentive plan that would allow OPM to provide funds to carriers to help their contracted medical providers adopt interoperable technology systems. To finance the incentive plan, the bill establishes an OPM-administered trust fund to receive charitable donations from private sources. OPM would award grants from the trust fund to carriers which, in turn, would distribute the proceeds to their contracting

providers to help them implement electronic health records in their practices. While this is an innovative concept, the FEHB Program has no experience in operating a charitable trust fund or administering a grant process. It would extend our operational role well beyond our current responsibilities.

I would like to express our support for your attention to the important issue of the privacy and security of personal health information. H.R. 4859 recognizes that consumers have a right to privacy. We believe privacy is an important consumer concern and that no compromise will be acceptable. There are many privacy issues that must be addressed before electronic records containing personal, identifiable health information are accepted by the public at large. We are encouraged by HHS' efforts to address this important issue. We plan to work closely with HHS to ensure all necessary steps are taken to protect consumer privacy rights.

We appreciate this opportunity to testify before the Subcommittee and look forward to working with you on furthering the health information technology initiative. I will be glad to answer any questions you may have.